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SECOND COMMITTEE
19th meeting
held on
Monday, 21 October 1991
at 10 a.m.
New York

SUMMARY RECORD OF THE 19th MEETING

Chairman: Mr. BURKE (Ireland)

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24 October 1991

ORIGINAL: ENGLISH

The meeting was called to order at 10.10 a.m.

AGENDA ITEM 77: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (A/46/3, A/46/39, A/46/74, A/46/163, A/46/206-E/1991/93 and Add. 1 to 4, A/46/273, A/46/283-E/1991/114, A/46/309-S/22807, A/46/315, A/46/317-S/22823, A/46/322, A/46/323-S/22836, A/46/336, A/46/344, A/46/345, A/46/385, A/46/437, A/46/448, A/46/478, A/46/481, A/46/501, A/46/520, A/46/526, A/46/570; A/C.2/46/4; A/C.2/46/L.5, A/C.2/46/L.16)

(d) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES

(i) ENTREPRENEURSHIP

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

1. Mr. DJOUDI (President of the Economic and Social Council), introducing the report on the outcome of the informal exchange of views held in the Economic and Social Council on the report of the South Commission (A/46/448), said that the exchange of views had taken place during the second regular session of the Economic and Social Council in 1991, and, in accordance with General Assembly resolution 45/195, had focused, in particular, on the conclusions and recommendations contained in the South Commission Report (A/45/810).

2. The report, entitled "The Challenge to the South", shed new light on the variety of, as yet largely unexplored potentialities inherent in the furtherance of South-South cooperation, reactivated by a new vision of development which put people at the centre of its range of activities. To that end, the report provided a lucid, unvarnished review of the mistakes made by the developing countries in their legitimate quest for rapid development and economic growth. Those errors included the tendency to develop material resources at the expense of human resources and to simply imitate development experiences without regard for the specific local context.

3. The three-part programme of action proposed by the South Commission was intended to be a message of hope concerning the individual and collective capacities of the countries of the South to rise to the challenges of development through a genuine system of interdependence. It was also intended to initiate an international dialogue, free from ideological overtones; that had also been the purpose of the informal exchange of views within the Council. Introductory statements had been delivered by the Secretary-General of the United Nations Conference on Trade and Development, the Minister of Development and Cooperation of the Netherlands, the President of the African Development Bank and the Administrator of the United Nations Development Programme.

4. The conclusions reached during the exchange were contained in document A/46/448. One of the conclusions was that the report must not suffer the fate

(Mr. Djoudi)

of countless other reports whose implementation was for ever pending. The General Assembly should now consider what it could do to contribute to the implementation of the report's recommendations, thereby paving the way for sectoral consideration of the recommendations by the relevant organizations of the United Nations system.

5. Mr. GOMEZ (Associate Administrator, United Nations Development Programme), introducing the report of the High-level Committee on the Review of Technical Cooperation Among Developing Countries (A/46/39), said that, in accordance with recommendation 37 of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation Among Developing Countries, as endorsed by the General Assembly in its resolution 33/134, following a review of basic issues concerning TCDC, the Committee had adopted seven decisions, which were contained in annex I of the report. He drew attention, in particular, to decision 7/5, which reaffirmed the Buenos Aires Plan of Action and emphasized the definition of technical cooperation among developing countries formulated by the Group of Governmental Experts on the rules, regulations and procedures of the organizations concerning technical cooperation among developing countries (para. 5). He also drew attention to decision 7/6, particularly paragraph 1, thereof, in which the Committee endorsed the Administrator's proposal for the formulation of an overall framework for the application of TCDC in technical cooperation programmes and activities of the United Nations development system in the 1990s. The Committee had reaffirmed the strong support of Governments for TCDC and the need to make it central to the implementation of development activities.

6. The adoption of General Assembly resolution 45/188, on entrepreneurship had been a landmark event. The trend towards entrepreneurship was discernible in national development plans, which UNDP field offices had reviewed in preparing fifth-cycle country programmes, and in the increasing number of requests from Governments for assistance in that area. In June 1991, the Governing Council of UNDP had adopted decision 91/11 entitled "Private sector in development" and had earmarked funds under Special Programme Resources for promoting new ways and means of including private-sector activities in United Nations development efforts.

7. Achieving the well-defined objectives contained in resolution 45/188 would be a complex task. It would require the transfer and adaptation of know-how to the particular social, economic and political needs of each country. It would also require a comprehensive approach in programming technical assistance and mobilizing partners, both in the Government and in the private sector. UNDP had already assisted a variety of private-sector support initiatives, but such activities must be more focused, more specialized and better coordinated. The new Division for Private Sector in Development (DPSD) would serve as the focal point for private-sector activities and as UNDP's spokesman in the United Nations development system. Areas in which UNDP assistance was needed were being identified through a

(Mr. Gomez)

continuing dialogue with Governments and feedback from UNDP's own field offices and other United Nations agencies. Support activities would be concentrated in two strategic areas: first, the creation of a favourable, predictable environment conducive to private investment and business development, and, second, assistance in the development of infrastructure and skills to improve the efficiency and expansion of the private sector.

8. Some concern had been expressed at the Committee's previous session regarding the need to improve coordination and communication among United Nations system agencies on private-sector issues. At the field level, efforts were being made by UNDP Resident Representatives - who, in most cases, were also United Nations Resident Coordinators for operational activities - to involve all agencies concerned in the country programme, based on their areas of competence. Efforts were also being made to link the technical assistance component to World Bank and regional bank investment programmes. UNDP missions had been sent to the United Nations Industrial Development Organization (UNIDO), the International Labour Organisation (ILO), the United Nations Conference on Trade and Development (UNCTAD), and the World Bank in order to harmonize approaches and to exchange information. UNDP would continue to support the Director-General's efforts to strengthen existing communication and cooperation with agency partners.

9. Mr. OHLIN (Assistant Secretary-General for Development Research and Policy Analysis), introducing the report of the Secretary-General entitled "Economic stabilization programmes in developing countries" (A/46/385), said that the report attempted to derive economic policy lessons from the experiences of economic reform of developing countries during the 1980s. The decade had been one of profound external and internal disequilibria for many countries and the principal need had been to achieve stability and bring about adjustment. That had been a politically difficult task, since it had generally meant cutting back on consumption and investment, which had resulted in worsened living conditions for the poorest and weakest.

10. The report showed that there had been some successes and many failures. Views on stabilization and adjustment policies had evolved and many new elements had entered into the discussion. There was greater awareness of the socio-political dimensions of adjustment and stabilization. Other features of the economic reform process, such as the comparative merits of policy shocks and gradualism had been extensively discussed. New paradigms had come to characterize economic policy in both developed and developing countries in the last decade, partly because the nature and functioning of markets had changed a great deal and partly because all governments had an overwhelming need to establish their credibility by showing consistency and stability in their political policies, even though the political difficulties that that entailed sometimes forced them to give up before reforms had had a chance to succeed.

11. The rapid changes in international economic relations would make adjustment and economic policy reforms for sustained development in developing

countries an even more complex task in the decade ahead. While a gradual convergence of views on economic policy was emerging, the diversity of starting-points and circumstances of the developing countries was so great that individual national domestic development strategies were needed to guide the integration of each country into the world economy. Successful adjustment policies that created the conditions for the resumption of economic growth depended on three principal factors. Firstly, Governments had to be committed to a consistent set of macroeconomic and sectoral policies for a sufficient period of time to create confidence in rules governing investment and production. In some cases institutional reform measures might be required. There was some modicum of consensus that fiscal discipline and monetary stringency were necessary - though not the sole - elements of any stabilization and adjustment policy.

12. Secondly, a necessary counterpart to national stability and credibility was predictability in the international environment. With world production and income falling, growth in international trade slowing and commodity prices continuing to decline, great uncertainty remained about key trends in the world economy. Such uncertainty complicated the problems of domestic economic management.

13. Thirdly, international economic cooperation increased the chances of success of adjustment policies not only by re-establishing more adequate levels of capital inflows but also by restoring a more stable international environment.

14. With regard to entrepreneurship, the Department, in response to General Assembly resolution 45/188, had launched a United Nations programme on entrepreneurship and economic development which complemented the existing international programme on savings and credit for development. Both programmes supported the relevant technical cooperation activities of other programmes of the United Nations system and sought to strengthen the link between research, policy formulation and technical cooperation. The Department was also convening a series of regional symposia. The Department would also be preparing a chapter on entrepreneurship and development in the 1990s for the 1992 issue of the World Economic Survey.

15. Mr. JAZAIRY (President, International Fund for Agricultural Development) said that as far as economic and technical cooperation among developing countries was concerned, the institutional structure of the International Fund for Agricultural Development (IFAD) was itself a concrete expression of South-South as well as North-South cooperation, while entrepreneurship, in so far as it involved promoting the initiative of the rural poor, offered the poor scope to find their own way out of poverty.

16. In 1986 IFAD had launched a Special Programme for sub-Saharan African Countries Affected by Drought and Desertification. This Special Programme had mobilized some 300 million dollars of contributions from industrialized and

(Mr. Jazairy, IFAD)

developing countries to help the most severely affected countries of Africa in an action which epitomized South-South and North-South cooperation. It had sought to reconcile immediate survival objectives with longer-term measures to help preserve the environment and save countries from the effects of drought and desertification. The Special Programme's funds were nearly fully committed and in response to an appeal made by African member countries IFAD's Governing Council had decided to extend it into a second phase, with the same financial target as that achieved for the first phase. One of the first countries to respond to the appeals had been Kuwait, which in spite of its own pressing problems, had agreed to support the second phase with a contribution of 15 million dollars. France, one of the largest contributors to the first phase, had already announced its readiness to make a similar level of contributions available again. Belgium and the Netherlands had also announced their intention to participate in the second phase. It was hoped that all other donors who had not yet announced their intended contributions would do so as soon as possible.

17. A second important area of South-South and North-South cooperation had been a collaborative programme to combat the New World screw-worm fly in North Africa. The screw-worm fly was an extremely dangerous pest posing a threat to livestock and even to human beings and its spread could have had great consequences for the livelihoods of millions of small farmers in North Africa, possibly the rest of Africa and even southern Europe. A biological control programme organized by IFAD had involved a substantial element of South-South cooperation. In particular, Mexican experts had been responsible not only for important technical assistance but also for supplying the sterile screw-worm flies used in the biological control method. IFAD had had a major financial involvement in the programme but there had been substantial cooperation by other organizations of the United Nations system. Bilateral donors, in particular the United States of America, had collaborated with the host country, Libya, in an initiative of widespread environmental and developmental interest which had transcended political differences. As a result of the collaborative efforts of numerous donors, it would seem that the campaign against the screw-worm fly had been successful, although a definitive statement to that effect could not be made until another six months had elapsed.

18. The third critical area of South-South cooperation was in promoting recognition of the key role played by poor rural women in the developing countries in ensuring household food security and family well-being. Such women, who were responsible for 80 per cent of food production, were "statistically invisible". IFAD had been working systematically to put them at the centre of its interventions. There could be no solution to the problem of hunger until that issue had been addressed in a rational manner. Thus every IFAD project now included specific components to assist poor rural women in their productive role and the Fund was seeking in its projects to promote a cross-fertilization of experiences and ideas between developing countries which would allow advances achieved by women in one country to be emulated elsewhere.

(Mr. Jazairy, IFAD)

19. The Fund had organized a number of regional meetings to gather information on those women's experiences and hoped thereby to gain a better understanding of how to design future interventions to assist them. It had been supporting efforts to organize a world Summit on the Economic Advancement of Rural Women, which was to be held in Brussels. IFAD's assistance with preparations for and organization of the conference had been requested by the core group of organizers, the spouses of the Heads of State or Government of Colombia, Egypt, Malaysia, Nigeria, Senegal and Turkey. Spouses of heads of State or Government who would be interested in participating were invited to express an interest before the end of November.

20. Mr. HANSEN (Executive Director, United Nations Centre on Transnational Corporations) said that the General Assembly, in its resolution 45/186, had requested that intensive consultations should be arranged aimed at achieving an early agreement on a code of conduct on transnational corporations. Unfortunately, that objective had not been achieved, as yet. Three rounds of intensive consultations had been held in New York and Geneva, chaired by the President of the General Assembly, who had written to the Foreign Ministers of all Member States asking them to bring their utmost flexibility and political will to the consultations. It was generally agreed that the consultations had indeed been characterized by those qualities. Many delegations had indicated that although they did not completely agree with every paragraph of the draft version of the code they would still have been able to adopt it as it stood. However, others had indicated that they still had difficulty with certain provisions of the code. The understanding had been that the code would have to be adopted by consensus; however, consensus had not been achieved. The President of the General Assembly had suggested that the preamble should be redrafted so as to remove any lingering doubts as to the tone of the code, work on which had begun at a time when the attitude towards foreign investment had been more cautious. The new preamble emphasized the benefits of foreign investment to all countries and, in particular, to the developing countries. Doubts had also been expressed with regard to the implementing procedures; the international business community in particular had been sceptical about the possibility of an adjudication mechanism of a political nature. A new implementing procedure had been proposed which placed greater weight on the expert element than on the political element. Those proposals were viewed as important steps in the right direction but they had not been enough to satisfy all participants.

21. The general thematic relevance of the code had been taken up for discussion by the informal working group which had met prior to the final round of consultations in New York. However discussions could not proceed further until other matters had been resolved and until the outcome of, inter alia, the forthcoming United Nations Conference on Environment and Development and the eighth session of the United Nations Conference on Trade and Development were known.

22. However, it was fair to say that a consensus was emerging on the need for an international framework for foreign investment. How exactly that framework

(Mr. Hansen)

should be elaborated and what would be the appropriate forum in which to finalize its elaboration were matters that still had to be discussed.

23. Mr. OMAYAD (Director, Unit for Special Political Questions and Regional Cooperation), introducing the report of the Secretary-General on cooperation between the United Nations and the Southern African Development Coordination Conference (SADCC) (A/46/481), said that, like previous reports on the same subject, the report covered two years, 1990 and 1991. It was divided into three chapters: the first contained a brief introduction, the second dealt with the activities of SADCC and cooperation with the United Nations system, while the third contained contributions from Member States concerning the various activities they had undertaken in pursuance of General Assembly resolution 44/221, and also reflected the respective areas of cooperation between United Nations agencies and organizations and SADCC.

24. Mr. BARAC (Romania) said that, as the experience of various countries had shown, there were many ways to promote entrepreneurship and develop the private sector. The privatization of public enterprises had recently proved to be a major means of promoting entrepreneurship, since privatized enterprises were released from the influence of government decision-making, thus giving primacy to economic criteria and reducing the political and social constraints arising from government control.

25. Various organizations and entities of the United Nations system had undertaken activities to promote entrepreneurship in economic development. However, the United Nations must take further measures to assist Member States in their efforts to encourage entrepreneurship, organize and develop domestic capital markets, attract foreign direct investment and pursue privatization.

26. Romania now had the necessary legal and institutional framework for the encouragement and development of entrepreneurship and the private sector. The Romanian Land Law established the legal framework for the transfer of agricultural land to Romanian farmers, and it was estimated that approximately 80 per cent of all agricultural land in Romania would be privatized. Under the Privatization Law, more than 6,000 State economic units currently operating as commercial companies would be privatized. That would be achieved by transferring to eligible Romanian citizens 30 per cent of State-owned shares and by then selling the remaining shares. Romanian citizens benefiting from the transfer would receive certificates of ownership, which were title-deeds that could be traded on the stock exchange. Moreover, any natural or juridical person, irrespective of nationality, would be eligible to participate in any sale of the assets of commercial companies.

27. The Foreign Investment Law contained provisions aimed at giving foreign investors guarantees and incentives. Foreign investors had the right to transfer abroad the profit in free convertible currency to which they were entitled as well as a portion of their annual profits in Romanian lei.

(Mr. Barac, Romania)

28. Owing to a lack of experience in managing market mechanisms, Romania was facing serious difficulties in its transition to a market-oriented economy. So far, it had received very useful support from some developed countries, the International Monetary Fund (IMF), the World Bank, United Nations agencies and other international organizations. Romania hoped that the developed countries and international organizations would provide it with increased assistance and support.

Draft resolution on economic stabilization programmes in developing countries (A/C.2/46/L.16)

29. Mr. KUFUOR (Ghana), introducing the draft resolution on behalf of the Group of 77, said that the draft resolution was a procedural one and reflected the developing countries' interest in the Secretary-General's report on economic stabilization programmes in developing countries (A/46/385).

AGENDA ITEM 90: INDUSTRIAL DEVELOPMENT COOPERATION AND THE DIVERSIFICATION AND MODERNIZATION OF PRODUCTIVE ACTIVITIES IN DEVELOPING COUNTRIES (continued)

Draft resolution on industrial development cooperation and the diversification and modernization of productive activities in developing countries (A/C.2/46/L.17)

30. Mr. KUFUOR (Ghana), introducing the draft resolution on behalf of the Group of 77, said that, in operative paragraph 2, "assessment of needs" should be amended to read "assessment and needs". The draft resolution was procedural and straightforward, and he hoped that it would win the Committee's support.

The meeting rose at 11.45 a.m.

UNITED NATIONS

General Assembly

FORTY-SIXTH SESSION

Official Records

SECOND COMMITTEE
20th meeting
held on
Thursday, 24 October 1991
at 10 a.m.
New York

SUMMARY RECORD OF THE 20th MEETING

Chairman: Mr. BURKE (Ireland)

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29 October 1991

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The meeting was called to order at 10.10 a.m.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued) (A/46/3, A/46/558 and Corr.1)

AGENDA ITEM 77: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued) (A/46/3, 39, 74, 163, A/46/206-E/1991/93 and Add.1 to 4, A/46/273, A/46/283-E/1991/114, A/46/309-S/22807, A/46/315, A/46/317-S/22823, A/46/322, A/46/323-S/22836, A/46/336, 344, 345, 385, 437, 448, 478, 481, 501/Rev.1, 520, 526 and 570; A/C.2/46/4, A/C.2/46/6; A/C.2/46/L.5)

(d) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (continued)

(i) ENTREPRENEURSHIP (continued)

1. Mr. NAADJIE (Ghana), speaking on behalf of the Group of 77, said that the Group had repeatedly called for a change in international economic relations conducive to the growth of the developing countries. Technical cooperation among developing countries (TCDC) had become an increasingly important instrument of international cooperation for development and therefore had a special role to play in realizing the development objectives of developing countries.

2. Recent rapid advances in science and technology, combined with the imperative of economic interdependence, necessitated the constant renewal of the TCDC idea. The main impetus behind TCDC was the resolve of developing countries to tackle the problem of underdevelopment through critical self-examination and thereby to gain increased self-confidence. TCDC reflected the need to utilize the capacity and experience of all States, irrespective of their development level, in united action to accelerate the development of the developing countries, and, in particular, the least developed among them.

3. Efforts by developing countries to promote TCDC should not, however, conflict with their overall objective of increasing economic cooperation with the developed countries. Developing countries had comparative advantages in certain areas and they should exploit those advantages to the full. Unfortunately, the development of economic relations had been dictated by the narrow economic interests of the North and, as a consequence, the international financial institutions had largely neglected TCDC while bilateral aid had become tied to experts and equipment provided by the particular donor countries.

4. The enormously valuable principles of complementarity and mutual cooperation among the developing countries should play a much more decisive role in international economic relations. The Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries provided a coherent guide for promoting and implementing technical cooperation among developing countries and its recommendations fully implemented. While

(Mr. Naadjie, Ghana)

TCDC was no substitute for North-South cooperation, it remained an indispensable part of the efforts to restructure international economic relations and should not be seen as a separate and specific modality. The organizations of the United Nations system should therefore endeavour to integrate TCDC into their mainstream activities, both in their funding programmes and in the execution of projects. They should also conduct regular evaluations of TCDC activities, as recommended by the High-Level Committee on the Review of TCDC.

5. Special attention should be given to the needs of the least developed countries and TCDC focal points, both in the developing countries and in the United Nations organizations, should be strengthened. In that connection he stressed the valuable catalytic role of UNDP's Special Unit for TCDC in providing funding and technical support for TCDC programmes and activities. Finally, the Committee should assess the extent to which the requirements of the Buenos Aires Plan of Action had been met, for much remained to be done before the TCDC aim of narrowing the gap between North and South could be achieved.

6. Mr. RAADE (Netherlands), speaking on behalf of the European Community and its member States, said that the European Community had supported programmes for information, training and technical assistance among countries of the South. The regional programming branch of the European Development Fund was engaged in scientific projects and other support programmes in the African, Caribbean and Pacific regions. The Community was also helping to alleviate food shortages in one country by carrying out so-called trilateral transactions with neighbouring countries or by providing balance-of-payments support that allowed for the purchase of essential goods from other developing countries.

7. It was often difficult to differentiate economic cooperation among developing countries (ECDC) from technical cooperation among developing countries (TCDC) and a clearer definition of those concepts might help to highlight the extent to which they were currently being pursued.

8. UNDP played an important role in promoting TCDC; it not only contributed to building and strengthening national capacity but also provided information. The challenge for UNDP consisted in fulfilling its mandate by developing its own mechanisms to promote TCDC. The European Community acknowledged the activities of other United Nations bodies involved in TCDC, and it endorsed the decisions adopted by the High-level Committee on the Review of Technical Cooperation among Developing Countries at its seventh session.

9. The regional commissions of the United Nations and the regional development banks were in a particularly advantageous position to stimulate ECDC and TCDC at the regional level through their efforts to promote industrial, scientific and technological development. The United Nations Conference on Trade and Development could assist developing countries in

(Mr. Raade, Netherlands)

formulating concrete ways of promoting South-South trade, and it could conduct periodical reviews of their trade policies. Existing and newly established forms of economic cooperation in the various regions of the South would help implement the goals of the Buenos Aires Plan of Action and might prove to be effective in promoting development.

10. The development efforts of the poorest countries of the South should be supported by developing countries that had achieved high rates of growth and development in the past decade. The developing countries should endeavour to create an internal climate and infrastructure conducive to South-South cooperation. Attention should be given to human resources development, the role of women, the development of market forces, entrepreneurship and transfer of technology.

11. The European Community supported the proposals on a review of TCDC practices and the development of a TCDC strategy for the 1990s. The review and strategy should be based on and complement the Declaration on International Economic Cooperation adopted by the General Assembly at its eighteenth special session, the International Development Strategy for the Fourth United Nations Development Decade, the Second United Nations Conference on the Least Developed Countries, the World Summit for Children and the outcome of the United Nations Conference on Environment and Development.

12. The European Community welcomed and endorsed the message of the ministers of the World Food Council to the negotiators of the Uruguay Round, and reiterated their pledge to continue to support the developing countries' efforts to alleviate hunger and poverty.

13. Entrepreneurship was a key element of any sound economic policy and was generally acknowledged to be essential for economic development; it required a major input from public and private sectors alike. However, some Governments still seemed unwilling to provide the necessary incentives for entrepreneurship. Entrepreneurship could flourish only in a favourable environment that provided adequate education, a solid and transparent legal framework, a good social infrastructure and a realistic fiscal and monetary system.

14. In developing countries and former centrally planned economies, government attitudes towards entrepreneurship were of crucial importance. In addition to providing the necessary infrastructure, Governments should encourage the establishment of more financial institutions specializing in loans and should adopt fiscal policies that enabled entrepreneurs to accumulate sufficient capital to develop and expand their businesses. Special attention should be given to small- and medium-sized enterprises, since they generated employment. Finally, the positive role of women in the promotion of entrepreneurship should be fully utilized.

15. Advisory services and marketing organizations, preferably run and managed by private sector organizations and supported by Governments, should be set

(Mr. Raade, Netherlands)

up. Both Governments and foreign investors should promote local entrepreneurship by acknowledging the importance and usefulness of joint ventures. Foreign entrepreneurs contributed to the transfer of technology, especially of environmentally sound technologies. They should also encourage and support initiatives by developing countries to develop national industry and indigenous entrepreneurship. Foreign investors should play a constructive and supportive role by providing the necessary training in managerial skills and the establishing of enterprises. Bilateral donors, multilateral organizations and multilateral financial institutions also had a considerable role to play in promoting entrepreneurship.

16. Mr. VAN BRAKEL (Canada) said that the adoption of General Assembly resolution 45/188 underlined the critical role played by entrepreneurs, particularly small-scale ventures, in economic development, notably by increasing employment opportunities. The successful development of entrepreneurship required an enabling economic environment in which pricing signals, and, by consequence, resource allocations, were determined by market forces; a legal and contractual framework which protected property rights and facilitated the work of enterprises; and the avoidance of interventionist actions by Governments.

17. Canada welcomed the contribution made by the organizations of the United Nations system, and, in particular, the World Bank, in promoting private sector and market-oriented government policies. The United Nations could also serve as a forum for the much-needed exchange of information between individuals and corporate bodies on operational and related activities in the field of entrepreneurship. Those activities could take place under the three-year programme for operational activities established in 1990, and technical assistance for World Bank efforts could be provided by the United Nations system, especially UNDP, in the area of privatization and capital formation. It was important, however, to ensure that human development issues, in particular education, training, health services and direct income generation, remained at the forefront in the Organization's work to promote entrepreneurship.

18. Mr. WU Hailong (China) said that since the adoption of the Buenos Aires Plan of Action the principle of technical cooperation among developing countries had gained increasing significance. The areas and forms of technical cooperation should, however, be determined by the developing countries in accordance with their own conditions. The intergovernmental programming exercises for TCDC should be further strengthened, with assistance from the United Nations and increased UNDP funding.

19. The High-level Committee on the Review of TCDC was the only body within the United Nations system that regularly reviewed and formulated TCDC policies and operational activities; it should therefore be retained. China hoped that the General Assembly would endorse all the decisions taken by the High-level Committee and that the further reports on TCDC activities would be forthcoming.

(Mr. Wu Hailong, China)

20. With regard to the question of entrepreneurship, China believed that free enterprise should be promoted in accordance with the specific economic and cultural conditions of each country and with the wishes of its people. No single model of development should be imposed on other countries and external interference should be avoided. Entrepreneurship must be promoted equally in the private and the public sectors, in accordance with the provisions of Economic and Social Council resolution 1988/74. While appropriate domestic policies were essential to the development of entrepreneurship, a favourable external environment was also indispensable. Consequently, the international community, and the developed countries in particular, should allow greater access to their markets for products from the developing countries, should increase the flow of financial resources to, and encourage direct investment in, the developing countries and should transfer technology to those countries on preferential terms.

21. The importance attached by China to the promotion of entrepreneurship was evident from the major reforms that had been carried out in its enterprises over the previous 10 years, the full extent of which had not been properly appreciated by the outside world. Preferential policies had been adopted to encourage joint ventures and foreign enterprises and to stimulate the development of small-scale enterprises in both urban and rural areas. Measures had been adopted to give state-owned enterprises greater independence and to make them more cost-effective. Further measures would be adopted to promote entrepreneurship in a manner consistent with the prevailing conditions in China.

22. Mr. CAMARA (Food and Agriculture Organization of the United Nations) said that FAO had been providing financing for TCDC and ECDC, from both its regular programme and extrabudgetary resources, even before the two strategies had captured the interest of the entire international community. World and regional development studies, commissioned by intergovernmental organizations or the FAO secretariat, were one form of direct support provided by FAO to economic and technical cooperation among developing countries. The studies, aimed at promoting collective or regional self-reliance, focused on complementarities in production, trade opportunities and programmes for overcoming such obstacles as scarce resources or inadequate institutional capacities.

23. FAO had supported regional and subregional activities relating to food security, including the establishment of early warning systems, and economic cooperation based on agribusiness and crop staples. It also supported ECDC through its committees, such as the regional committees for locust control, plant protection and fishing, and its regional and subregional cooperation mechanisms, including integration bodies.

24. FAO support for ECDC was wide-ranging and fell into the broad categories of land and water exploitation, meat and dairy production, agricultural production, fishing, forestry, nutrition and rural development. Through its rural centres and regional development centres, it enabled Governments to

(Mr. Camara, FAO)

compare their experiences in alleviating rural poverty. As it had indicated to the High-level Committee, FAO had steadily increased its allocation to TCDC, which currently stood at $50 million.

25. Among the major obstacles to ECDC was a lack of information on the capacities and needs of developing countries. FAO had made a special effort to help developing countries to take stock of and to systematize their food and agriculture capacities and needs. It had contracted a number of countries to determine how they wished to organize sectoral programming operations in agriculture, and was helping them in a variety of ways. The operations culminated in the exchange of experts, the transfer of technology and the training of technical experts. The first "food and agriculture" operation had taken place in the Philippines in September 1991, and another would be organized in India in October. FAO also organized study trips and provided support to bilateral agreements within the framework of TCDC. FAO had set up networks among institutions in its various spheres of activity, with a view to strengthening national and regional institutional capacities. The networks provided a relatively inexpensive means by which countries and organizations could pool their resources and avoid duplication of efforts.

26. Ms. STOKES (New Zealand) said that, as a sponsor of General Assembly resolution 45/188 on entrepreneurship, her delegation was pleased to note the impetus it had provided. She referred, in particular, to the programme on entrepreneurship and economic development envisaged by the Department of International Economic and Social Affairs, and the new UNDP Division for Private Sector in Development. The growing role of the private sector in development was a genuine departure from the emphasis traditionally placed in development assistance programmes on support to the public sector. In the South Pacific region, the private sector was best suited to absorbing the large number of unemployed and underemployed persons in Pacific island country economies. Policy dialogue on private sector assistance had become an integral part of New Zealand's consultations with partner Governments. New Zealand's assistance focused on providing financial training and management skills to the indigenous private sector. In future, it would also include training in business skills, equity contributions to development banks and guidance in the elaboration of macroeconomic and micro-economic policy. The policy was very much in keeping with the emphasis which the Governments currently placed on strengthening the private sector within New Zealand itself.

27. New Zealand would also promote entrepreneurship when it served a term on the Governing Council of UNDP, beginning in January 1992. The extent to which private sector activities could be integrated into United Nations development efforts would hinge on improving coordination among United Nations agencies. Intergovernmental consultations held in 1992 on the code of conduct on transnational corporations should reflect changes in the attitude towards direct foreign investment and world trade as a result of the Uruguay Round, the United Nations Conference on Environment and Development and the eighth session of the the United Nations Conference on Trade and Development.

(Ms. Stokes, New Zealand)

28. Economic and technical cooperation among developing countries played a vital role in overall development. New Zealand supported TCDC in its own ODA programme, particularly in the South Pacific and South-East Asia, where it used consultants from developing countries in project appraisal and evaluation studies. New Zealand also supported the proactive TCDC policy of the South Pacific Forum and was a regular contributor to the Commonwealth Fund for Technical Cooperation and UNDP.

29. Mr. GANTCHEV (Bulgaria) said that the totalitarian Governments' ban on entrepreneurship had been the chief cause of economic malfunctioning in Bulgaria. The current Parliament had already adopted a basic legislative framework for the development of market structures. In all likelihood, more radical measures to increase privatization would be adopted by the Parliament which had just been elected. In that connection, the activities undertaken by the United Nations in promoting and enhancing the role of entrepreneurship were of particular importance.

30. His delegation agreed with the conclusions contained in document A/46/206 on the development of international cooperation for entrepreneurship. The proposal to establish a more effective coordinating mechanism for entrepreneurship was timely indeed. As indicated in document A/46/206, specialized agencies and institutions should gear their operational activities to the special requirements of national economies and sectors. A constant flow of information to Governments about operational activities would avoid overlapping and fragmentation of efforts by the various United Nations bodies and agencies. The goals outlined in paragraph 44 (d) could serve as the basis for organizing future United Nations cooperation in the field of entrepreneurship. Those activities could probably be handled by the existing coordinating mechanisms of the United Nations system.

31. Mr. TURIANSKIY (Ukraine) said that the recent session of the High-level Committee on the Review of Technical Cooperation among Developing Countries, and the South Commission Report, summarized in document A/45/810, testified to the importance of technical cooperation among developing countries, especially in the context of recent radical changes in the political and economic world scene. Ukraine fully supported the conclusions of the Report, that the collective energies of the South must be harnessed through the diversification and strengthening of political, economic and social cooperation, to tackle the formidable challenges facing the emerging world. The growing instability of the world economy and the developing countries' lack of financial resources rendered especially important the expansion of their mutual economic and technical cooperation and assistance from the world community for that process.

32. Turning to the question of entrepreneurship, he said that General Assembly resolution 45/188 was of particular importance to Ukraine, which was strengthening the organizational, legal and managerial machinery necessary for the transition to a market-oriented economy. The proclamation of Ukraine's independence in August 1991 had further stimulated that process, which had

(Mr. Turianskiy, Ukraine)

been reinforced by a range of new legislative measures, guaranteeing the rights and legal interests of entrepreneurs, creating the necessary conditions for their free and fair competition and developing foreign economic ties. Entrepreneurs were guaranteed equal access to information, labour and material and financial resources.

33. A wide range of new economic formations were already operating in his country, constituting the first stage in removing State control of property and dismantling the system of sectoral and regional monopolies. The growth of entrepreneurship in Ukraine was fraught with difficulties and the new economic organizations were not always very efficient. Their problems were exacerbated by the collapse of the administrative and control structures of the former Union of Soviet Socialist Republics. Despite those difficulties, Ukraine would not follow the path of separatism but would campaign instead for the creation of a single economic area, to include the former union republics. It would not, however, enter any union or conclude any agreement that in any way infringed its own independence.

34. The problems faced by Ukraine were shared by other countries which had embarked on similar far-reaching economic reforms. For that reason, great importance attached to resolution 45/188, and in particular to the encouragement it gave to the United Nations and other international organizations to support efforts by countries to revitalize their economies through entrepreneurship. Under the provisions of the resolution, the United Nations system could be used for the exchange of international experience in the development of entrepreneurial skills. In view of the importance of entrepreneurship, the specialized agencies of the Organization, such as the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development, should be more actively involved in the provision of expert assistance to countries which had undertaken the transition to an entrepreneurial economic system.

35. Mr. PONIKIEWSKI (Poland) said that recent dramatic changes in Central and Eastern Europe and the movement of several developing countries towards market-oriented economic policies were evidence of a growing international consensus in favour of development based on a recognition of the role of individuals and their entrepreneurial skills. It was of utmost importance as far as the new Poland was concerned to create favourable conditions in which the creative aspirations of the individual could flourish once again. Poland had been an active co-sponsor of resolution 45/188, which acknowledged the important role of entrepreneurship in promoting economic growth.

36. The economic reforms Poland had introduced were based on a recognition of the rules of the market economy. However, the initial aim to limit the involvement of the State in the economy had proved impossible to achieve during the period of structural change required in the transition to a market economy; the process of setting in place the legislative and administrative machinery needed to underpin the market required Government direction. The

(Mr. Ponikiewski, Poland)

creation of the necessary financial and other institutions was proceeding apace as the Government sought to develop the complex network of legislation, institutions and services which was the prerequisite for prosperity. During 1990, in the favourable environment which Poland's new Government had fostered, more than 500,000 new businesses had been registered. Although the majority of those were small and undercapitalized and many had failed, they nevertheless represented the seed-bed from which a future middle class, and with it the prosperity of the nation as a whole, would grow.

37. The legacy of 40 years of Communist misrule could not be changed overnight. There were several social factors contributing to the difficulty of achieving such a transformation. Poland needed a new system of values to replace the old egalitarian collectivistic values, which persisted in certain social attitudes that were hindering the transformation process.

38. Poland welcomed the report of the Secretary-General on operational activities of the United Nations system (A/46/206 and Add.1-4), in particular the section relating to entrepreneurship. Poland agreed that the specialized agencies and organizations of the United Nations system, should enjoy flexibility in the design of operational activities, so as to respond to the special requirements of individual countries, and it welcomed the conclusions presented in the report.

39. The assistance provided by the United Nations system to Member States for the development of entrepreneurial skills should not be confined to the formulation of macroeconomic policies and the improvement of legal frameworks; it should also encompass cooperation with governments and non-governmental organizations in developing specific action-oriented programmes, demonstration projects and practical manuals. The United Nations system could also monitor the follow-up of seminars and workshops organized through its field representatives and could assist entrepreneurs from different countries to establish informal contacts with a view to promoting joint ventures.

40. Poland hoped that the role of entrepreneurship in the economic and social development of Member States, would continue to grow in importance and that it would become a driving force of the recovery of the developing countries and the countries in transition.

41. Mr. AHMED (India) said that the Buenos Aires Plan of Action and the Caracas Programme of Action on Economic Cooperation among Developing Countries embodied the international community's commitment to those types of cooperation, which were essential to the development of self-reliance. He therefore called upon donor countries and United Nations organizations to support the efforts of the developing countries to strengthen their collective self-reliance; such support had become more important than ever as a result of recent changes in the world economy. Such changes should not lead to the further marginalization of the developing countries, particularly with regard to important economic decision-making processes.

(Mr. Ahmed, India)

42. The report of the High-level Committee on the Review of Technical Cooperation among Developing Countries (A/46/39) referred to a number of measures aimed at promoting TCDC but expressed concern at the fact that financial resources devoted by the United Nations development system to TCDC-related activities, remained inadequate. A real increase was needed in funding for TCDC from the United Nations development system and it should be accompanied by the introduction of systems to monitor such funding and the progress made in TCDC activities.

43. India endorsed the High-level Committee's request to the UNDP Governing Council to consider effective measures to accelerate the pace of the use of the TCDC modality in the execution of sectoral projects financed from regional, interregional and global programmes, and considered it important that UNDP should continue to use Special Programme Resources in technical cooperation projects. Concrete measures should be taken to ensure that the resident representatives of UNDP included the TCDC modality, wherever appropriate, in technical cooperation projects. TCDC operational activities at bilateral and multilateral levels were an important component of South-South cooperation. India had considerable experience of multilateral cooperation schemes and had provided technical training, technical expertise and managerial and financial assistance to over 30 developing countries. India supported the suggestion that the secretariat of the Economic and Social Commission for Asia and the Pacific should compile and disseminate information on the needs and capacities of members and associate members with a view to assisting them to develop TCDC operational activities.

44. With regard to entrepreneurship, India maintained that development was a complex process and that the path to growth in any individual country was often determined by a unique mix of social, historical and economic circumstances. Nevertheless India was convinced of the need to release entrepreneurial creativity and energy, and far-reaching changes had been introduced in India's fiscal, monetary, trade and industrial policies, reflected in the adjustment of the exchange rate, the reduction of financial and budgetary deficits, the encouragement of foreign direct investment and a deregulated and liberalized industrial policy. It was hoped that those measures would encourage the small and medium-sized enterprises which were responsible for a very large proportion of India's industrial output.

45. Entrepreneurship was not a universal panacea. Institutional support for entrepreneurship, in particular from the United Nations system, should supplement and not supplant other efforts to promote growth and development, in particular efforts to promote the development of the developing countries. Different societies had different needs and different ways of fulfilling them and social commitment and the public good dictated a mix of entrepreneurship and responsible public sector investment.

46. Mr. SANGA (United Republic of Tanzania) commended the work done by the High-level Committee and expressed confidence that the international community

(Mr. Sanga, United Republic of Tanzania)

would make every effort to implement the recommendations contained in its report (A/46/39). In particular, prompt action should be taken to strengthen UNDP's Special Unit for Technical Cooperation among Developing Countries as recommended by the Committee in its decision 7/3. The Buenos Aires Plan of Action had not lost any of its relevance and Tanzania was grateful for the measures donor countries had taken to back the developing countries' efforts to develop their economies; additional measures were needed in order to enable developing countries to realize their TCDC objectives.

47. The South Commission Report (A/45/810) offered a comprehensive and balanced analysis of the challenges faced by the developing countries, and put forward a realistic set of strategies and actions. He hoped that the developed countries would extend their support for ECDC/TCDC activities to encompass implementation of the report's recommendations. The Second Committee should call upon relevant bodies, organs and organizations of the United Nations system to take all necessary steps to implement the recommendations and report thereon to the General Assembly, through the Economic and Social Council, at its forty-eighth session.

48. Tanzania welcomed foreign direct investment; the adoption in 1990 of the National Investment (Promotion and Protection) Act had further improved the existing favourable climate for investment by encouraging foreign and local entrepreneurs to participate fully in economic activities and in the provision of services. The banking and financial system was in the final stages of a reform aimed at providing competitive banking services. It was hoped that the non-governmental organizations would play as important a role in the process of reform in the productive sector as they had in the services sector. Tanzania was determined to proceed with the reforms needed to ensure the creation of an environment conducive to South-South and North-South cooperation.

49. The Southern African Development Conference (SADCC), an example of such cooperation, had contributed to strengthening economic integration in Africa. Tanzania hoped that the international community, and in particular those individual countries, groups of countries and international institutions, including the specialized agencies of the United Nations system, whose generous actions were referred to in the report of the Secretary-General (A/46/481), would continue to extend that support to the region at the present moment of critical need. One of the priorities of SADCC for the 1990s, as outlined in paragraph 41, was economic and political reforms that would create the environment necessary to spur efficient investment and production. In addition, the region would seek to pursue the objectives of the Action for Resisting Invasion, Colonialism and Apartheid (AFRICA) Fund, outlined in paragraph 48.

50. Mr. ISAKOV (Union of Soviet Socialist Republics) said that entrepreneurship was gaining wider acceptance and was becoming an important factor in the formulation of domestic economic policies. In the Soviet Union,

(Mr. Isakov, USSR)

entrepreneurship was being promoted by both central and republican State structures and, in particular, by the recently established Council for the Promotion of Entrepreneurship.

51. The signing by eight Republics, in Moscow on 18 October, of a Treaty of Economic Association had provided further political stimulus for the development of entrepreneurship in the Soviet Union. That document laid the foundation for cooperation among the sovereign Republics members of the Association and for their relations with other States. The members of the Association had agreed to carry out a coordinated policy on entrepreneurship.

52. In promoting entrepreneurship, the Soviet Union intended to make use of the experience of other countries and the expertise of international organizations. The Soviet Union was particularly interested in the activities being carried out in that area by the United Nations and its specialized agencies. It would be useful to establish, under United Nations auspices, a forum that brought together representatives of business associations, organizations of the United Nations system, multilateral and bilateral development institutions, banks and governments.

53. The United Nations should contribute to the creation of a climate conducive to entrepreneurship, promote the development of human resources, facilitate the establishment of information-analysis infrastructures and mobilize external support. His delegation looked forward to the seminar on entrepreneurship in the Soviet Union and Eastern Europe to be held in March 1992. The involvement of the United Nations should be of benefit to all countries seeking to introduce entrepreneurship and to make the transition to a market-oriented economy.

54. With regard to the code of conduct on transnational corporations, his delegation supported the latest variant of the code as contained in document E/1990/94. In order to facilitate further progress on the code, that document should be supported by consensus. While the consultations had not yet led to agreement on the entire text of the code, they had undoubtedly been useful. Future consultations should take due account of the outcome of the Uruguay Round, the eighth session of UNCTAD, and the United Nations Conference on Environment and Development. Further intergovernmental consultations should be resumed in June-July 1992, as proposed in the note by the Secretary-General (A/46/558). In the meantime, the Secretariat should continue its work on the code, which contained important guidelines for regulating relations between Governments and transnational corporations.

55. Mr. SINGH (Fiji) said that many developing countries could no longer shoulder the heavy burden of public sector expenditure and were looking to the private sector to stimulate growth. The development of entrepreneurial capacity was an important prerequisite for success for countries seeking to revitalize their economies through private-sector-led growth strategies. Fiji had established the Fiji Trade and Investment Board in order to promote trade

(Mr. Singh, Fiji)

and encourage new investment in the economy and to assist in the training of local entrepreneurs.

56. The consultations on the code of conduct on transnational corporations had been complex and time-consuming. While his delegation agreed that the consultations on the code should be postponed until June-July 1992, it was important not to lose the momentum gained thus far. The Centre on Transnational Corporations should continue to clarify the outstanding issues and assess the outcome of consultations on the code.

57. Although they were small and isolated the island developing countries were inseparately bound to the international economy, and there was a need to promote dialogue and increase the effectiveness of international cooperation. Technical cooperation among developing countries was an important means for enhancing dialogue and cooperation among developing countries. In order for the island developing countries to benefit from TCDC, information should be more widely disseminated, particularly in the Pacific region.

58. Fiji supported the establishment of national focal points, since they could greatly assist in increasing support for TCDC activities. The role and functions of the focal points should, however, be clearly defined. Given the growing interdependence of countries, TCDC could play a greater role as a mechanism for exchanging experience, upgrading skills and dealing with common problems confronting developing countries. In that regard, Fiji welcomed the intention of UNDP to undertake an in-depth review of TCDC activities.

AGENDA ITEM 90: INDUSTRIAL DEVELOPMENT COOPERATION AND THE DIVERSIFICATION AND MODERNIZATION OF PRODUCTIVE ACTIVITIES IN DEVELOPING COUNTRIES (continued) (A/46/455)

59. Mr. SIAZON (Director-General, United Nations Industrial Development Organization), reporting on the International Conference on Ecologically Sustainable Industrial Development (ESID) organized by UNIDO in cooperation with the Government of Denmark, said that the Conference, had taken place from 14 to 18 October and had been attended by representatives of Governments, private industry and non-governmental organizations. The Conference recognized that unsustainable patterns of production and consumption in the developed countries were largely responsible for environmental pollution and had stressed the need for international cooperation and additional financial resources. Judging that it was more important to prevent pollution than to cure it, the Ministers participating in the Conference had agreed that, while Government regulation and control were vital, the primary responsibility for the environment lay with industry. They had recommended that industry should adopt pollution prevention practices; integrate environmental awareness and responsibility at all levels of management; adhere to environmental codes of conduct; expand research and development activities on cleaner production technologies and carry out cradle-to-grave project assessments. They had urged transnational companies to apply the same standards at home and abroad.

60. Governments were urged to take policy initiatives to evaluate environmental resources based on the Polluter Pays Principle, advocate the factoring of environmental resource costs into the cost-benefit calculations of industrial investment and support industry by increasing public awareness, and through research and development and the exchange of information. They should make funds available to small-scale enterprises on preferential terms for the specific purpose of adopting environmentally friendly technology. International cooperation, particularly trade liberalization, could increase access by developing countries to financial resources and ecologically sustainable industrial technology.

61. UNIDO was charged with helping the developing countries to build the necessary technical, scientific and institutional capacity to achieve ecologically sustainable industrial development, implement international environment conventions and protocols and assess the environmental soundness of industrial technologies. The Conference also recommended that UNIDO should identify appropriate financial resources for developing countries seeking to achieve ESID and strengthen its databases and capacity to disseminate ESID-related technical and policy information. The report of the Conference would not only serve as the blueprint for UNIDO's environmental programme but would also provide an essential industry-oriented input to the United Nations Conference on Environment and Development.

62. To be truly useful, the UNIDO study of long-term world industrial structure would have to deal with industrial action plans in the least developed countries, the role of the private sector, technology development and the transfer or conversion of military industries. It should focus on reasons for industrial failure, linkages within the industrial sector and the environment and other aspects of agriculture. It should also address infrastructure, trade, marketing, education and finance, as the issues of industrialization were interdisciplinary and closely interrelated. The proposed research project - the most comprehensive study ever contemplated by UNIDO - would extend far beyond the annual Industry and Development - Global Reports. An initial cost estimate of the four-phase, 30-month study was on the order of $2.2 million. Sources of funding should be considered by both the Second and Fifth Committees. Resources could come from a variety of sources, including the regular budget of the United Nations, UNDP and voluntary contributions from member States.

The meeting rose at 12.20 p.m.